

IIM Concerns w/ House Bill 4070 (Rocca), as introduced

- The industry understands what Rep. Rocca is trying to achieve and supports the goal of prohibiting arbitrary mid-term premium changes, but is concerned with restrictive nature of bill as written.
- The home/auto insurance market structure today is geared toward the ease of access to and purchase of insurance coverage. Insurance consumers can get coverage for home and auto risks very quickly through a variety of channels (internet, phone, in person). Binding of coverage occurs quickly based upon quotes (estimates of premium cost based upon information provided). Final underwriting and rating occurs afterward and policyholder billed.
- House Bill 4070 prohibits an increase in premium rate during the term of the policy once "billed" and paid for in whole or in part unless the premium was based upon "materially incorrect information" provided by the applicant.
- House Bill 4070 in current form does not account for mid-term, policy-holder initiated changes such as:
  - Adding or deleting drivers;
  - Adding or deleting automobiles;
  - Adding or deleting coverages (towing), or modifying coverage levels (RBI);
- House Bill 4070 in current form does not account for underwriting and rating processes which cannot always be performed instantaneously, such as:
  - Verification of motor vehicle record (auto)
  - Discovery of undisclosed drivers (auto)
  - Verification of applicable discounts (good student (auto), security systems (home))
  - Verification of continuous coverage (auto/home)
  - Valuation of home or cost of replacement (home)
- While seemingly pro-consumer, we believe the bill in current form would act against the consumer's best interests because:
  - Discounts that could not be immediately verified might not be given;
  - Ability to get insurance quickly may go away as companies would not want to be bound by estimates ahead of final underwriting and rating. Instead, companies may be forced to take applicant's information, and call back several days later once underwriting and rating complete.
- House Bill 4070 is contrary to current law which provides that insurers have 55 days to underwrite the policy - whether to take policy or not.
- IIM met with Rep. Rocca to discuss these concerns. We agreed on some, disagreed on others.
- IIM believes legitimate policy questions should be worked out ahead of the bill being voted from Committee.